

**TENTATIVE AGENDA AND MINI BOOK
STATE WATER CONTROL BOARD MEETING
TUESDAY, OCTOBER 28, 2003
HOUSE ROOM C, GENERAL ASSEMBLY BUILDING
9TH & BROAD STREETS
RICHMOND, VIRGINIA**

Convene - 9:30 A.M.

- | | | | |
|-------------|--|----------------|---|
| I. | Minutes - June 19, 2003 | | A |
| II. | Permit Terminations | VanSoestbergen | B |
| | Hanover County GW Withdrawal Permits (2) (PRO) | | |
| | The Shopping Center Group VWP Permit (TRO) | | |
| | Cedar Point Club (Suffolk) (TRO) | | |
| | Va. Department of Transportation Smyth Co. Rest Area (SWRO) | | |
| III. | Significant Noncompliance Report | O'Connell | C |
| IV. | Consent Special Orders - Virginia Pollutant Discharge Elimination System Permits | | D |
| | West Central Regional Office | Steele | |
| | Pepper's Ferry Regional WTA (Pulaski) | | |
| | Sanville Utilities, Henry Co. PSA | | |
| | Smith Mountain Lake 4-H Center (Bedford Co.) | | |
| | South Central Regional Office | Waggoner | |
| | CMS, Inc., Sunchase Apt. (Farmville) | | |
| | Country Oaks, L.L.C. (Danville) | | |
| | Northern Regional Office | Crosier | |
| | Lake of the Woods (Orange Co.) | | |
| | Stafford Regional Airport Access Rd (Stafford Co.) | | |
| | Piedmont Regional Office | Golden | |
| | Virginia Electric & Power Co. (Chesterfield) | | |
| | Tidewater Regional Office | Nold | |
| | Asphalt Roads and Materials, Inc. (Virginia Beach) | | |
| | Commercial Ready Mix Products, Inc. (Franklin) | | |
| | Eagle Harbor, L.L.C. (Isle of Wight Co.) | | |
| | Valley Regional Office | Liggett | |
| | Canaan Valley Estates (Rockbridge Co.) | | |
| | Sandy's Mobile Court, Inc. (Frederick Co.) | | |
| | Southern Sun, Inc. (Albemarle Co.) | | |
| V. | Consent Special Orders - Virginia Water Protection Permit Program/Underground Storage Tanks | | E |
| | South Central Regional Office | Waggoner | |
| | City of Lynchburg | | |
| | Tidewater Regional Office | Nold | |
| | Grayco, Inc. (Isle of Wight County) | | |
| | John Grier Construction, Inc. (James City County) | | |
| | James C. Moore (Poquoson) | | |

Piedmont Regional Office	Golden
Bluegreen Properties of Va. (New Kent Co.)	
Chester Development Associates, LLC (Chesterfield Co.)	
The Hanover Group L.L.C. (Hanover Co.)	
Mr. Ronald Marshburn (New Kent Co.)	
West Central Regional Office	Steele
Peoples Save Station (Martinsville, etc.)	

VI. Permits

Casta Line Trout Farms (Craigsville & Middlebrook, Augusta Co.) (VRO)	Fowler	F
Vint Hill Farms Station WWTP (Fauquier Co.) (NRO)	Faha	G
Tri-City Properties VWP (TRO)		Book2

VI. Regulations

WQS - Tier III Waters - Cowpasture River	Gregory	H
WQS - Tier III Waters - Shenandoah National Park	Gregory	I

VII. Regulations - Proposed

WQS - Tier III Waters - 3 Citizen Petitions & 7 DEQ Waters	Gregory	J
General VPDES Permit - Industrial Stormwater	Tuxford	K
General VPDES Permit - Construction Stormwater	Tuxford	L
General VPDES Permit - Nonmetallic Mineral Mining	Gregory	M

VII. Public Forum

VIII. Other Business

Revolving Loan Fund - FY2004 Loan Funding List	Gills	N
Future Meetings (December 4, 2003)	Berndt	
Election of Officers		

ADJOURN

NOTE: The Board reserves the right to revise this agenda without notice unless prohibited by law. Revisions to the agenda include, but are not limited to, scheduling changes, additions or deletions. Questions arising as to the latest status of the agenda should be directed to Cindy M. Berndt at (804) 698-4378.

PUBLIC COMMENTS AT STATE WATER CONTROL BOARD MEETINGS: The Board encourages public participation in the performance of its duties and responsibilities. To this end, the Board has adopted public participation procedures for regulatory action and for case decisions. These procedures establish the times for the public to provide appropriate comment to the Board for their consideration. In light of these established procedures, the Board accepts public comment on regulatory actions and case decisions, as well as general comments, at Board meetings in accordance with the following:

1. REGULATORY ACTIONS (adoption, amendment or repeal of regulations): For regulatory actions, public participation is governed by the Administrative Process Act and the Board's Public Participation Guidelines. Public comment is accepted during the Notice of Intended Regulatory Action phase (minimum 30-day comment period and one public meeting) and during the Notice of Public Comment Period on Proposed Regulatory Action (minimum 60-day comment period and one public

hearing). Notice of these comment periods is announced in the Virginia Register and by mail to those on the Regulatory Development Mailing List. The comments received during the announced public comment periods are summarized for the Board and considered by the Board when making a decision on the regulatory action.

Comments on the regulatory action are not allowed at a Board meeting while a regulatory action is being processed in accordance with the Administrative Process Act. In rare instances the Board may (at a Board meeting) vote to reopen the public comment file on the regulatory action. If this happens, individuals may address the Board for up to 2 minutes on material previously submitted to the Board. Should the Board decide to accept new information on a regulatory action, an additional public comment period will be announced by the Department in order for all interested persons to have an opportunity to participate.

2. CASE DECISIONS (issuance and amendment of permits and consent special orders): The Board also makes case decisions. For case decisions, the Board adopts public participation procedures in the individual regulations which establish the permit programs. As a general rule, public comment is accepted on a draft permit for a period of 30 days. If a public hearing is held, there is a 45-day comment period and one public hearing. If a public hearing is held, a summary of the public comments received is provided to the Board for their consideration when making the final case decision. Public comment is accepted on consent special orders for 30 days.

Comments on pending case decisions at Board meetings are only accepted when the Board is considering final action on the case decision. At that time the Board will allow up to 15 minutes for the applicant/owner to make his complete presentation on the pending decision. The Board will then, in accordance with 2.2-4021, allow others who participated in the prior proceeding (i.e., those who attended the public hearing or commented during the public comment period) up to 2 minutes to exercise their right to respond to the summary of the prior proceeding presented to the Board. The Board will not accept new information at the meeting. Should the Board decide to accept new information, a public comment period will be announced by the Department in order for all interested persons to have an opportunity to participate.

No public comment is allowed on case decisions when a formal hearing is being held.

3. PUBLIC FORUM: The Board schedules a public forum at each regular meeting to provide an opportunity for citizens to address the Board on matters other than pending regulatory actions or pending case decisions. Anyone wishing to speak to the Board during this time should indicate their desire on the sign-in cards/sheet and limit their presentation to not exceed 2 minutes.

The Board reserves the right to alter the time limitations set forth in this policy without notice and to ensure comments presented at the meeting conform to this policy.

Additional Information: For additional information or questions on the adopted public participation procedures for regulatory actions and pending case decisions, contact Cindy M. Berndt at (804) 698-4378.

Report on Facilities in Significant Noncompliance: Five major facilities were reported to EPA on the Quarterly Noncompliance Report (QNCR) as being in significant noncompliance (SNC) for the quarter ending June 2003. The facilities and their reported instances of noncompliance are as follows:

Frederick-Winchester Service Authority, Opequon Water Reclamation Facility - Failure to Meet Effluent Limit (Ammonia Nitrogen): The Authority reports that its violations were related to a plant upset and weather related high flow conditions. Since the occurrence of a minor Nitrogen violation in April, the

facility has met permit limits. This being the case, the staff of the Department's Valley Regional Office have determined that enforcement action does not appear warranted.

Town of Purcellville, Basham Simms Wastewater Facility - Failure to Meet Effluent Limits (Ammonia Nitrogen, Kjeldahl Nitrogen): Evaluation of the facility's treatment systems has identified the cause of the violations to be, in part, high flows due to wet weather from heavy rainfall and melting snow and, cold temperatures during the winter months. In addition, the system evaluation identified design deficiencies in the facility's flow equalization system that also impaired the facility's nitrification processes by reducing treatment time. Nitrification, a biological process that removes certain contaminants, generally requires additional holding or treatment time and is a process that is optimally performed at warmer temperatures. The foregoing being the case, staff of the Department's Northern Regional Office is negotiating a consent special order with the Town that requires a retrofit of the facility to correct design deficiencies. Staff anticipate that the order will be brought to the Board, for its approval, at its next quarterly meeting.

Town of South Boston, South Boston WWTP - Failure to Meet Effluent Limits (TSS, BOD): The facility's violations appear, in part, due to hydraulic overloading of the plant, possibly caused by infiltration and inflow into the plant's collection system. The Town has begun an evaluation of the collection system and staff of the Department's South Central Regional Office is considering the matter for enforcement action.

Upper Occoquan Sewage Authority, Centreville STP - Failure to Meet Effluent Limits (TSS, Kjeldahl Nitrogen): Violations at the facility appear to be related to cold weather and significant rainfall events. Originally the expansion project was to be completed in June 2001, however delays caused by the Authority's construction contractor have extended the completion date to November of this year. The expansion is anticipated to address the facility's effluent limit violations. In the interim, UOSA has undertaken projects in addition to the expansion project, at a cost of approximately \$550,000, to supplement flow treatment and is assessing its contractor liquidated damages of \$10,000 per day for construction delays. The foregoing being the case, staff of the Department's Northern Virginia Regional Office do not anticipate the need for enforcement action in this matter.

S.I.L. Cleanwater/North Folk Modular Facility - Failure to Meet Effluent Limits (TSS, BOD): The facility's discharge violations appear to be, in part, due to a lack of flexibility in the plant's treatment scheme. The staff of the Department's Valley Regional Office have attempted to work with the facility owner to address both the referenced discharge problems as well as problems with wastewater/land application procedures and grant repayment issues. To date, staff have been unable to negotiate a satisfactory settlement. That being the case, staff anticipates that the case will be referred to the Office of the Attorney General for handling. The Board should note that the grant issue has already been referred to the Attorney General's Collections Division.

Pepper's Ferry Regional Wastewater Treatment Authority - Consent Special Order: The Pepper's Ferry Regional Wastewater Treatment Authority operates a wastewater treatment plant rated at 9 MGD on the New River. In the spring of 2003, the Authority commenced construction of an extensive series of upgrades that would improve capacity and management of wet weather flows. A pump station that is part of the transmission system for the Plant is also being upgraded and includes new equalization capacity. During high flows for the past two years, the Authority has occasionally violated effluent limits for 5-day biochemical oxygen demand and total suspended solids. The upgrades currently under construction are expected to prevent these violations from recurring. The Order requires the Authority to complete the Plant upgrades by June 1, 2004 and complete the pump station upgrades by October 1, 2004. Because treatment capacity will be temporarily diminished as parts of the Plant are taken off-line for construction, the Order also grants interim effluent limits during high flow events. Civil Charges: NA

Sanville Utilities / Fairway Acres STP and Westwood Lagoon; Henry County PSA - Consent Order Amendment: Fairway Acres STP and Westwood Lagoon are sewage treatment facilities for residential subdivisions in Henry County owned by Sanville Utilities Corporation. In September 1999, the State Corporation Commission (“SCC”) revoked the corporate status of Sanville. When Sanville ceased operating the facilities in the fall of 1999, the SCC appointed the Henry County PSA as receiver for Sanville. In May 2002, the Board issued a consent order to Sanville requiring submittal of a closure plan for the lagoon by June 1, 2003 and connection of both Westwood and Fairway to public sewer by December 31, 2003. In a letter dated May 15, 2003, the Henry County PSA stated that recently there have been delays in obtaining easements for the collection system of both facilities. The PSA must have these easements before it can secure USDA Rural Utilities Service funding for connection of the facilities to public sewer. Although the PSA is proceeding with obtaining the easements by condemnation, the process has been slowed to the extent that the PSA no longer believes that it can comply with the deadlines in the May 2002 Order. Accordingly, the PSA has requested extensions to the deadlines in the Order. The Amendment extends the deadline for connection of Fairway Acres and Westwood Subdivision to public sewer to June 30, 2004. The Amendment would also extend the deadline for submittal of the closure plan for the Westwood lagoon to December 31, 2003. Civil Charges: NA

Smith Mountain Lake 4-H Center - Consent Order Amendment: Smith Mountain Lake 4-H Center is an independent non-profit organization that operates educational and recreational programs. A lagoon system serves the Center. The Center has never received a permit to operate as a sewage treatment facility from the Board and has been operated under a certificate issued by the Department of Health under the LHS-120 designation. In a letter dated September 12, 2000, its Executive Director indicated that the Center would like to convert to a “zero discharge system through sustainable wetlands”. The Board issued a Consent Order on March 28, 2001. The Order established a compliance schedule, operating requirements, and interim effluent limits. The Order required that the Center would submit an upgrade plan by August 1, 2001 and complete the upgrade by April 1, 2002. The Center has not submitted the plan or completed the upgrade. The consent order amendment extends the deadline for submittal of the upgrade plan to January 1, 2004 and extends the upgrade deadline to April 1, 2005. Civil Charges: \$1,200.00.

CMS, Inc., Sunchase Apartments – Farmville, Virginia - Consent Special Order: On October 16, 2002, the DEQ received a pollution complaint concerning the storm water discharges associated with the construction of Sunchase Apartments in Farmville, Virginia. On October 18, 2002, the DEQ conducted an unannounced inspection of the site and based on the inspection issued a Notice of Violation for failure to maintain erosion and sediment controls, failure to retain the storm water pollution prevention plan (SWPPP) on-site, and for an unauthorized discharge of sediment into State waters. The DEQ subsequently learned the SWPPP was on site, however, the SWPPP was incomplete. The construction site is also the subject of a Nation Wide Permit (NWP) issued by the U.S. Army Corps of Engineers (COE) to permit impacts to wetlands and requires mitigation. The NWP also required a stream buffer; the Owner encroached into stream buffer losing approximately four-tenths of an acre. The encroachment into the buffer physically altered the unnamed tributary by increasing the velocity of the storm water discharge and thus accelerating stream bank erosion. The Order requires the Owner to maintain compliance with the permit and the DEQ will conduct unannounced inspections of the site to verify compliance. In addition, the COE required a performance bond to complete stream buffer restoration that will cost approximately \$83,359.00. Civil Charges: \$5,600.

Country Oaks, L.L.C., Carriage Hill Mobile Home Park - Consent Special Order: On January 13, 2003, the DEQ conducted an announced inspection of the facility and found a bypass of treatment works at the chlorination unit, which was not reported, and no chlorine in the contact tank for disinfection of the

wastewater. A subsequent unannounced inspection of the facility on April 10, 2003, found the facility discharging without a permit (expired), solids in the contact tank, and no chlorine in the contact tank for disinfection of the wastewater. The Owner did not submit a complete permit application in time for the DEQ to re-issue the permit before expiration. Further, the DEQ compliance records reveal that on three previous unannounced inspections of the facility conducted in 2001 and 2002, there was insufficient chlorine in the contact tank for disinfection of the wastewater. The DEQ compliance and permit staff question whether the contact tank is of sufficient capacity to provide adequate disinfection given the facility design flow of 30,000 gallons per day. The order requires the Owner to maintain compliance with the permit, which was re-issued on July 28, 2003; to evaluate the chlorine contact tank for proper holding time for disinfection; and replace or upgrade the chlorine contact tank if the holding time is found insufficient. Further, the permit now requires a licensed operator and requires fecal coliform monitoring during the permit cycle. Civil Charges: \$5,250.

Lake of the Woods sewerage collection system - Consent Special Order: Lake of the Woods is a planned community of approximately 4,200 lots in Orange County, Virginia. The developer of the Lake of the Woods installed individual septic systems to handle domestic wastewater when homes were first being built in the late 1960s. When the septic systems quickly failed due to soil characteristics, the developer installed the Lake of the Woods sewage treatment plant (“STP”) and a closed-air vacuum sewerage collection system to collect and convey wastewater to the plant. The closed-air vacuum system was an experimental, European design that relies on vacuum pressure rather than gravity to collect and convey wastewater to a treatment plant.

By 1986, there were approximately 1,300 connections to the system, but because of the continued chronic overflow problem, Virginia Department of Health (“VDH”) imposed a moratorium on any additional connections. In 1987, the State Water Control Board initiated an enforcement action against the private utility, but the owners of the private utility did not have funding to make the necessary upgrades and repairs to the STP and collection system. To help address these significant problems, Rapidan Service Authority (“RSA”), at the request of the Orange County Board of Supervisors, voluntarily acquired the water and wastewater systems from the private owner on November 1, 1987, and VDH lifted the moratorium.

Despite efforts by RSA to address the problems with the STP and collection system, the STP continued to perform poorly and the collection system continued to be plagued by chronic overflows. As a consequence, the State Water Control Board issued RSA a Consent Special Order in 1990 reimposing a moratorium on connections and requiring, among other things, that RSA implement improvements to the STP and upgrade the collection system, including vacuum sewer lines, vacuum pump stations, and force mains. In 1991, the Board amended the Order to allow RSA additional time to complete the collection system upgrade and to submit plans to take the Lake of the Woods STP off-line and divert its flows to the Wilderness WWTP. The Board issued a second Order to RSA in 1992, approving RSA’s plans to take the Lake of the Woods STP off-line and divert its flows to the newly constructed Wilderness WWTP.

RSA completed the substantial capital improvements to the system required by the Orders, including the construction of a new Wilderness wastewater treatment plant and extensive upgrades to the Lake of the Woods collection system. As a consequence, the SWCB lifted the moratorium on connections in July 1992. In addition, RSA has established and implemented an effective operation and maintenance program, including on-site staff to respond to collection system problems. RSA asserts that all of these measures have been accomplished at a significant financial cost to Lake of the Woods residents. According to RSA, rates have increased from \$32.50 to \$54.10 a month since 1988. This increase assumes a household usage of 6,000 gallons per month and does not include water usage.

Due to the capital improvements and to RSA’s operation and maintenance efforts, RSA has succeeded in reducing sewage backups from an average of 50 to 60 per day to 1 to 2 per day. These overflows are typically less than 10 gallons each, and occur for a variety of reasons including, among

other things, mechanical problems with the collection tank's pressure valve, damage to sewer lines from digging by utility crews, leaks in sewer lines which reduce the vacuum, clogging of sewer lines due to disposal of inappropriate materials by residents, and deterioration from age. The overflows now occur outdoors rather than indoors as before because RSA has installed overflow vents near the collection tanks. RSA staff responds to complaints of overflows by vacuuming out the affected pipe and then cleaning the spill area and applying lime. In addition, RSA staff also repairs or replaces malfunctioning valves and locates and repairs vacuum leaks.

The number of connections to the system has increased to 3000 during the past ten years but complaints to DEQ or VDH regarding overflows from the collection system have been rare until recently. In the spring of 2003, DEQ began receiving renewed complaints of sewage overflows from several Lake of the Woods residents. DEQ staff began investigating the complaints in late March 2003 and also commenced discussions with RSA representatives at that time. On May 15, 2003, DEQ staff inspected the Lake of the Woods collection system and requested from RSA information regarding system operations. As a consequence of that inspection and the information provided by RSA, DEQ issued an NOV to RSA on June 4, 2003, alleging unpermitted discharges of sewage into state waters. The NOV specifically alleges that the Lake of the Woods sewerage collection system experienced at least 16 sanitary sewer overflows between April 6 and April 12, 2003, and that five of the overflows occurred on lakefront lots. RSA asserts in response to the NOV that it has no information that any of these overflows have reached state waters.

DEQ staff met with RSA representatives in April, May, and June 2003, to discuss RSA's plans for addressing overflows from the Lake of the Woods sewerage collection system. On July 10, 2003, RSA submitted to DEQ a plan and schedule for evaluating alternatives to minimize overflows from the collection system, including upgrading or replacing the collection system, and for implementing interim measures to reduce the number of overflows from the collection system.

The Order requires that RSA submit by July 1, 2004, an engineering study to evaluate alternatives for minimizing overflows from the Lake of the Woods sewerage collection system, including replacing or upgrading the collection system, and for implementing interim measures to reduce the number of overflows from the system. The Order also requires that RSA meet with DEQ by August 1, 2004, to discuss the completed engineering study and RSA's plans for implementing one of the study's alternatives. Civil Charges: None. Public Comment: Comments were received and will be summarized at the meeting.

Stafford Regional Airport Access Road, Phase I Project, Stafford County - Consent Special Order: Stafford County submitted a Registration Statement for coverage under the VPDES General Storm Water Construction Permit "VPDES General Permit" on October 9, 2001, for construction of the Stafford Regional Airport Access Road. DEQ determined that the Registration Statement was deficient and discussed the deficiencies with representatives of the project in October and November 2001. In the meantime, Stafford County began construction of the access road project. Despite the conversations with Stafford County staff, Airport Authority staff, and County engineering consultants, Stafford County did not address the deficiencies and did not submit a completed registration statement for coverage under the VPDES General Permit as requested. On May 2, 2002, DEQ returned the incomplete registration statement to Stafford County and again identified the information required to complete the registration statement. On October 18, 2002, DEQ received a completed registration statement for Stafford County and on October 22, 2002, registered Stafford County under General Permit No. VAR101686, which was after completion of the project. The Order includes a schedule of compliance that requires the County to achieve final stabilization of the Airport access road site project, file a Notice of Termination of Coverage under the General Permit and pay a civil charge for failure to obtain timely coverage under the VPDES General Permit. Civil Charges: \$2,000.00.

Virginia Electric and Power Company - Consent Special Order: Virginia Power owns and operates an electric power generating facility in Chesterfield, Virginia. The Facility is subject to Virginia Pollutant Discharge Elimination System (VPDES) Permit No. VA0004146 (Permit). The Permit expired on March 27, 2002 and has been administratively continued. On February 9, 2001, an air permit was issued to the company which permitted construction and operation of three Selective Catalytic Reduction (SCR) units for the control of Nitrogen Oxides (NOx) from stack emissions. The SCR units are designated as units 4, 5 and 6. The Richmond/Chesterfield area is currently a Maintenance area for ozone and DEQ sampling data indicates the status will be degraded to Nonattainment once the new ozone standard takes effect. NOx is a precursor for the formation of ozone. By controlling NOx air emissions the formation of ozone is reduced. The use of SCR units 4, 5 and 6 to control NOx air emissions will result in the discharge of wastewater containing nitrogenous compounds to the company's existing ash pond which discharges to State waters through outfall 004.

On May 14, 2002, a Letter of Agreement (LOA) was executed between DEQ and Virginia Power. The LOA allowed the operation of SCR unit No. 5 prior to the reissuance or amendment of the VPDES Permit to incorporate discharges from that unit. The VPDES Permit was anticipated to be issued by December 2002. Unit No 5 was brought into operation upon the execution of the LOA. SCR unit No 4. became operational in May 2003, and unit No. 6 is scheduled to be operational in May 2004. The LOA only addressed operation of unit No. 5. The currently administratively continued VPDES Permit does not authorize the discharge from SCR units 4, 5, and 6. The benefits gained to the environment from the control of the NOx air emissions through operation of the units far outweigh the impacts to state waters from the SCR wastewater discharges. The reissued VPDES Permit will address this impact.

In a letter dated May 9, 2003, Virginia Power requested that it be allowed to continue operating SCR unit No. 5 and to begin operation of SCR unit 4 prior to the reissuance of the VPDES Permit. Virginia Power subsequently requested authorization to begin operation of SCR unit 6 should it also be operational prior to the reissuance of the VPDES Permit.

The Order authorizes Virginia Power to discharge from outfall 004 in compliance with interim limits contained in Appendix B of this Consent Special Order until the VPDES Permit has been reissued to address the discharges from SCR units 4, 5 and 6. Civil Charges: N/A

Asphalt Roads and Materials, Incorporated - Consent Special Order: Asphalt Roads & Materials Co., Inc. (ARM) owns and operates an asphalt manufacturing and paving facility in Virginia Beach, VA. On February 12, 2003, DEQ inspected ARM and documented the following permit violations: failure to maintain a current storm water pollution prevention plan (SWP3), failure to perform comprehensive site compliance evaluations from 1999 – 2001, and failure to perform quarterly site inspections and visual storm water quality examinations for nine quarters since October 1999. Failing to maintain a current SWP3, perform comprehensive site compliance evaluations, and conduct quarterly site inspections are repeat permit violations from a July 20, 2001 DEQ inspection. ARM has implemented a check system to ensure a current SWP3 is maintained, and that quarterly site inspections, comprehensive site compliance evaluations, and visual storm water quality examinations are performed and documented as required by the Permit. Civil Charges: \$6,000.

Commercial Ready Mix Products, Inc. – Franklin - Consent Special Order: Commercial Ready Mix Products, Inc. (Commercial) owns and operates a concrete ready-mix plant located in Franklin which is subject to the requirements of VPDES Permit No. VAG113003. On October 8, 2002, the State Water Control Board approved a consent special order requiring the monthly monitoring, sampling, and reporting of discharges from outfall 001, as required by the Permit. Laboratory records obtained by DEQ for the September, October, and November 2002 monitoring periods indicated Commercial had reported inaccurate sampling results. The reported results indicated effluent limits for total suspended solids (TSS) had been met; however, the laboratory records indicated TSS average and maximum effluent limits were

exceeded five times during the September – November 2002 monitoring periods. In addition, Commercial exceeded the average and maximum TSS permit effluent limits during the August 2002 monitoring period. During a December 10, 2002 technical and laboratory inspection, the Department documented several violations of the facility's storm water pollution prevention plan as well as sampling and monitoring deficiencies. In addition, Commercial failed to provide the Operations and Maintenance Manual during the inspection; failed to provide the storm water pollution prevention plan; and failed to maintain the required one-foot of freeboard. DEQ is currently processing a permit reissuance application for Commercial. Civil Charges: \$17,600.

Eagle Harbor, L.L.C. - Consent Special Order: Eagle Harbor L.L.C. (Eagle Harbor) is a residential/commercial development located in Isle of Wight County. Development of the property is subject to a VPDES storm water general permit (VPDES) and Virginia Water Protection Permit (VWP) permit. DEQ inspected the Eagle Harbor development six times between December 13, 2002 and March 6, 2002 and observed several VPDES and VWP permit violations.

DEQ observed three unauthorized storm water discharges, which Eagle Harbor failed to report. Other VPDES permit violations documented include: 1) erosion and sediment (E&S) controls were not installed and/or maintained; 2) soil stockpiles were not correctly maintained, stabilized, and /or protected with sediment trapping devices; 3) documentation of major grading activities and initiation of stabilization measures and contractor and subcontractor certifications were not recorded in the storm water pollution prevention plan; 4) provisions were not made to minimize the transport of sediment onto paved surfaces ; 5) inspections were not performed and /or documented from March 19, 2001 to January 1, 2003; and 6) construction activity commenced on Tract 1 of Eagle Harbor without prior notification to DEQ.

DEQ observed the following VWP permit violations: 1) notification was not provided 10-days prior to commencing construction activity on Tract 1; 2) construction activity started on Tract 1 without final construction plan approval from DEQ; 3) there was inadequate and/or nonexistent flagging of wetlands areas, and buffer areas were not provided prior to construction on Tracts 1, 2, 4, 5, 7, and 9; 4) compensation was not provided prior to impacts for 0.228 acres of wetlands on Tracts 1 and 2; and 5) E&S controls were installed incorrectly, not maintained, or nonexistent, which allowed the unauthorized discharge of sediment-laden water to enter the buffer areas and adjacent wetlands on Tracts 5, 7, and 9.

This order requires Eagle Harbor to comply with each permit and complete the mitigation project as required by the VWP permit by March 1, 2004. Civil Charges: \$23,000.

C. Eugene Smith, d/b/a Canaan Valley Estates near Denmark, Rockbridge County - Consent Special Order: Mr. and Mrs. Smith own and operate a wastewater treatment facility (“the Facility” or “the Plant”) serving 38 mobile homes and 4 other residences in Rockbridge County, Virginia. This Facility is the subject of VPDES Permit VA0088960, which allows the Facility to discharge treated wastewater to Linkswiler Branch in the Upper James River basin.

The Facility is presently subject to a Consent Special Order that became effective June 21, 1999. The 1999 Order required the Smith’s to provide Plant upgrades to meet BOD, TSS, and TRC effluent limits. The Order contained Phase I and Phase II corrective actions. The Smith’s only performed the Phase I corrective actions contained in the Order. The Order provided that if Phase I improvements did not return the Facility to full compliance the Facility was to perform the Phase II upgrades. The Facility subsequently experienced violations, but Phase II actions were not performed due in part to the Smith’s financial circumstances.

The Permit issued on April 3, 2000, contained a four-year schedule of compliance to meet final effluent limitations for ammonia by April 3, 2004. Ammonia sampling during this schedule has shown that the Facility cannot meet the final ammonia limits without an upgrade. The Smith’s were late in providing both a plan to meet ammonia effluent limits and quarterly progress reports on the progress towards meeting those limits.

In February 2000 the Facility began to experience periodic difficulty complying with the Permit's BOD effluent limitations. The Facility has experienced periodic BOD effluent limitation violations since that time.

The Order requires C. Eugene Smith to pay a civil charge of \$500 to resolve the outstanding violations. The facility has been sold to a new owner who will be responsible for the corrective actions necessary to return the facility to compliance with the Permit.

Sandy's Mobile Court, Inc., White Post, Frederick County - Consent Special Order: Sandy's owns and operates a wastewater treatment facility ("Facility") serving approximately 112 mobile homes in Frederick County, Virginia. This Facility is the subject of VPDES Permit VA0088811, which allows the Facility to discharge treated wastewater to an unnamed tributary to Crooked Run in the Shenandoah River subbasin, Potomac River basin. The Facility is presently subject to a Consent Order that became effective April 9, 2000. The 2000 Order required Sandy's to provide Facility upgrades to meet the Permit's final effluent limitations for BOD, TSS, D.O., TRC and ammonia. Sandy's completed the corrective actions required by the 2000 Order in February 2001, however the upgraded Facility was unable to comply with the Permit's ammonia final effluent limitations and began to experience violations. The Order requires the Sandy's to, by December 1, 2006, either: connect the Facility to public sewer and thereby eliminate all discharges from the Facility; install an on-site disposal system approved by the local Department of Health and close the Facility, thereby eliminating all discharges from the Facility; upgrade the Facility to meet the Permit's final effluent limitations; or close the mobile home court and thereby eliminate all discharges from the Facility. Civil Charges: N/A

Southern Sun, Inc., The Ramada Inn-Monticello - Consent Special Order: Southern Sun, Inc., owns and operates a sewage treatment plant (STP) which serves the Ramada Inn-Monticello in Albemarle County. The previous five-year VPDES permit was reissued on January 22, 1998, with a January 22, 2003, expiration date. Pursuant to the VPDES Permit Regulation, Southern Sun was required to submit a complete application for reissuance of the permit on or before July 26, 2002. On July 1, 2002, the fee schedule of the VPDES Permit Regulation was revised, resulting in an increase in the permit reissuance fee. Southern Sun initially objected to but subsequently paid the higher permit fee; however, the fee was submitted too late to prevent expiration of the permit given the required 30 day public notice period that had to elapse before the permit could be reissued. Consequently, the 1998 VPDES permit expired on January 22, 2003. On February 13, 2003, the permit was reissued; therefore, the STP's discharge was unpermitted for a period of 21 days. On January 31, 2003, staff of the VRO inspected the STP and found several Operations & Maintenance (O&M) related violations. On February 27, 2003, DEQ issued an NOV to Southern Sun citing these violations of State Water Control Law and the VPDES Permit. By March 31, 2003, the O&M deficiencies listed in the February 27, 2003, NOV had been addressed. The Consent Order assesses a civil charge against Southern Sun for the unpermitted discharge of 21 days and for the O&M violations which have been addressed. Civil Charges: \$1,400.

City of Lynchburg - Consent Special Order: The City of Lynchburg was issued an individual Virginia Water Protection (VWP) permit in 1999 under the authority of section 401 of the federal Clean Water Act for the Enterprise Drive development project. The permit authorized the cumulative impacts to State waters of 1.26 acres of wetlands and 2646 linear feet of stream channel. The permit required mitigation to the impacts of stream restoration at a 1:1 ratio, the creation of 2.02 acres of wetlands, and the enhancement of .49 acres of wetlands. Due to personnel changes within the City compliance with the permit was not monitored. The DEQ noted 14 distinct violations of the permit including, but not limited to, failure to mitigate impacts, monitor and submit hydrologic data, and failure to submit numerous required reports and notifications. After several site inspections and meetings it appears that the total wetland loss is 1.16 acres and wetland creation is 1.63 acres; however, wetland creation is pending

confirmation of hydrology and planting data. The Order requires the City to maintain compliance with the current permit except for water quality monitoring of the storm water management pond, and specifies the required information to be submitted in an application for a new individual VWP permit. The City estimates the total cost to bring the Enterprise Drive project into compliance at \$66,500. Civil Charges: \$17,000.

Grayco, Inc. - Consent Special Order: Grayco is constructing the Founders Pointe subdivision on Sugar Hill Road in Isle of Wight County. A Virginia Water Protection permit, issued to Grayco on September 28, 2001, authorizes impacts to 1.19 acres of nontidal wetlands. The permit requires 2.38 acres of wetlands compensation of which 0.43 acres of compensation are satisfied by preserving upland buffers. The remaining 1.95 acres of compensation is to be satisfied by off-site wetlands creation. Part I.G.4 of the Permit requires that the wetlands creation be completed prior to filling the wetlands. During an inspection of the Founders Pointe property on January 8, 2003, DEQ staff documented that the majority of wetlands on site had been impacted before the wetlands creation had started. It appeared that approximately 1.065 acres of wetland impacts had occurred via clearing, grubbing, and filling. Also noted during the January 8, 2003 site inspection, was inadequate or nonexistent upland buffer flagging and nonexistent signage marking the preserved wetlands and upland buffers. The final mitigation plan for the off-site wetlands creation was approved on November 27, 2002. Work started on the approved wetlands creation project on approximately April 1, 2003.. The Order requires that the mitigation be completed by March 1, 2004. Civil Charges: \$11,600.

John Grier Construction, Inc. - Consent Special Order: On September 3, 2002, DEQ and Army Corps of Engineers ("ACOE") staff inspected the site. It was documented that approximately 0.27 acres of fill had been deposited in a cypress swamp for the construction of an access road leading to the Chickahominy River. The 1,200 foot long road is approximately 10 feet wide and includes eight reinforced concrete culverts (12 inches in diameter) under the roadway to allow for the flow of water. The Army Corp of Engineers confirmed wetland delineation boundaries for the impacted area to be 11,892 square feet of forested wetlands. Most of the road (1,160 feet) is in wetlands. The total amount of fill is approximately 3,743 cubic yards. The Company has submitted an after the fact Virginia Water Protection ("VWP") permit application which is under review by the staff. The order requires the Company comply with all the provisions of the permit if the permit is issued. In the event that the VWP permit is denied, the Company is required to submit within 60 days of receipt of notice of denial, an approvable plan and implementation schedule for restoration of the impacted wetlands. Civil Charges: \$10,000.

James C. Moore - Consent Special Order: On September 26, 2001, staff from the U.S. Army Corps of Engineers ("ACOE") and DEQ inspected the Moore property. The inspection documented that forested wetlands had been cleared, tree stumps had been excavated, and that wetlands were filled with tree debris piles and sediment. Approximately one acre of wetlands were cleared, 0.5 acres of wetlands were filled with piles of tree stumps, and 0.5 acres of wetlands were filled alongside an existing logging road to widen it. The wetlands on the site have been restored in accordance with guidance from the ACOE. The order requires Mr. Moore to have a professional wetlands delineation performed on the property and to submit the results to DEQ by October 1, 2003. Civil Charges: \$3,500.

Bluegreen Properties of Virginia - Consent Special Order: Bluegreen Properties of Virginia was issued a VWP permit in November 2001 to construct a residential golf course community, known as Brickshire, in New Kent County. The permit allows impacts to 3.48 acres of non-titled forested wetlands, and requires compensatory mitigation for these impacts. During a site inspection of the project in June 2002, DEQ staff observed noncompliance with the VWP permit requirements; including noncompliance with erosion and sediment (E&S) controls at numerous locations throughout the residential portion of the

project, some of which resulted in unauthorized fill in state waters, including wetlands; failure to flag non-impact wetlands as required; failure to remove fill/sediment at a temporary utility crossing and restore to pre-construction conditions; and failure to remove fill/sediment in surface waters at an area of utility line work and restore to pre-construction conditions. In addition, a subsequent file review by DEQ staff revealed that Bluegreen Properties of Virginia had failed to submit an approvable final mitigation plan in January 2002 (it was submitted late, in March 2003); failed to send the required 10-day notification letter; failed to submit final Plans and Specifications (P&S) for activities prior to the beginning of each component construction (construction was reported to have begun in the Fall of 2001 and the P&S were submitted late, in July 2002); and failed to submit the required quarterly construction monitoring reports for the year 2002 (2 of the 4 reports were received). A Notice of Violation (NOV) was issued to Bluegreen Properties on July 2, 2002 citing the above listed permit violations. Another site inspection was made in December 2002 at which time staff observed multiple problems with E&S controls, some of which resulted in unauthorized impacts to state waters, including wetlands; failure to restore and stabilize temporary disturbance of wetlands to pre-construction conditions; and failure to return surface waters and wetlands to original contours within 30 days of completion of utility line works. A second NOV was issued on April 12, 2003 citing the permit violations as listed above.

The Order requires the permittee to install and maintain E&S control structures; clearly flag the non-impacted wetlands during the life of construction activity in that area; stabilize within 30 days of completion of work, all temporary disturbances to wetlands during construction and restore to pre-construction conditions; minimize disturbance to surface waters during utility line work and return the area to its original contours and stabilize within 30 days of completion of work in that area and submit the quarterly construction monitoring reports as required by the permit. Civil Charges: \$19,600.

Chester Development Associates, LLC - Consent Special Order: Mr. Loyd White of the Chester Development Associates, L.L.C. was issued a VWP permit in June 1998 to construct a commercial/residential development called Chester Village Green. The permit allows impacts to 2.96 acres of forested wetlands and waters of the state. The permit requires compensation for these impacts. The permittee began construction activities in 1998 and, to date, 2.56 acres of wetlands have been impacted by construction activities. In October 2002, a DEQ staff file review revealed non-compliance with the permit. According to DEQ records, the permittee had failed to compensate for the impacts to wetlands by failing to create and preserve wetlands on-site as the permit requires; had failed to submit the protective instrument preserving the state waters, including wetlands, on site; failed to submit the required photographic monitoring; failed to submit monitoring reports for construction activities and wetland mitigation activities as the permit requires; and failed to submit the 10-day letter notifying the start of construction. A Notice of Violation was issued on November 20, 2002 citing the permit violations as listed above. [The permit has since been modified to reflect a new owner of the project and the impacts to wetlands have been compensated for by the purchase of bank credits at a wetland mitigation bank.] Civil Charges: \$6,800.

The Hanover Group L.L.C. - Consent Special Order: The Hanover Group L.L.C. was issued a VWP permit in May 2002 to construct a 305-acre residential subdivision known as Bluffs at Bell Creek, and a commercial/retail/light industrial business park known as Bell Creek Park, in Hanover County. The permit allows impacts to 0.65 acres of non-titled forested wetlands, 0.12 acres of scrub/shrub wetlands and 0.03 acres of state waters and requires compensation for these impacts. In May 2002, DEQ staff received a phone call from the permittee's consultant stating that due to an engineering error, wetland impacts had exceeded the limits allowed by the permit by 0.16 acres during construction activities. The unauthorized impacts to the wetlands consisted of grubbing and filling. The day following the report, DEQ staff visited the site and observed equipment pulling the fill material out of the wetlands and also during the site inspection, observed that the permittee failed to flag the non-impacted wetlands as required. During this

site visit, DEQ staff were informed by the project foreman that construction began on May 20, 2002. A subsequent file review revealed that the permittee failed to submit the following required documentation prior to commencement of authorized activities: final plans and specifications for each component construction; documentation the Virginia Wetland Restoration Trust Fund had received the in-lieu fund contribution; and proof of recordation of preservation of the 7.151 acres of on-site forested wetlands and 15.8 acres of upland buffer. The above listed documents have all been received by DEQ, but were late. The one document, the proof of recordation for preservation, although received late was incomplete and did not comply with the permit requirements. In addition, the permit requires that all work cease if the documentation verifying receipt of the Trust Fund contribution and proof of recordation has not been submitted to DEQ prior to commencement of activities and in accordance with the permit. Construction activities had not ceased as the permit required. A Notice of Violation was issued on July 24, 2002 citing the permit violations as listed above. The Order requires the permittee to preserve the forested wetlands and upland buffer as the permit requires; submit a master plan depicting the area of each 'phase' of construction clearly showing the acreage for the on-site forested wetland and upland preservation located in each 'phase' of construction; submit 30 days prior to construction activities in each 'phase', the proof of recordation of written protection which clearly shows the acreage and location of preservation; submit the proof of recordation of the written protection which clearly shows the acreage of preservation for the 'phases' currently under construction; and in the quarterly reports, provide an enlargement key identifying the location of the current construction 'phase'. Civil Charges: \$12,925.

Mr. Ronald Marshburn - Consent Special Order: Mr. Marshburn currently owns a 4.3 acre parcel of property located between the east and west bound lanes on State Route 60 in New Kent County near Providence Forge. The property contains an unnamed tributary to the Chickahominy River and wetlands that drain into the unnamed tributary. In May 2000, at Mr. Marshburn's request, the Army Corps of Engineers (ACOE) visited a piece of property located adjacent to his property between the east and west bound lanes on Rt. 60 to determine if wetlands were on the adjacent property, and if so, to what extent. The ACOE informed Mr. Marshburn that wetlands were identified on the property and that if he intended to purchase the property and develop it, he would need a permit to place fill material in the wetlands. At that initial visit, Mr. Marshburn indicated that he was not interested in purchasing the property. In May 2002, the ACOE revisited the property and observed recent unauthorized fill activities in the wetlands. The Order requires Mr. Marshburn to complete an after-the-fact JPA by July 30, 2003, and to implement and comply with the conditions of the JPA. (Mr. Marshburn has completed the JPA as required and purchased credits at a wetland mitigation bank as compensation for the wetland impacts.) Civil Charges: \$4,200.

Peoples Save Stations, Inc. - Consent Special Order: Peoples Save Stations, Inc. owns underground storage tanks at service stations in Henry County and the City of Martinsville. In inspections performed in 2000, DEQ staff identified compliance issues at four of those stations involving failure to meet notification requirements, failure to upgrade, and failure to replace or close existing UST systems. Subsequent follow-up by DEQ staff resulted in correction of many of the violations. Notices of Violation were issued for the violations that had not been corrected by June 5, 2001. The order contains a requirement to correct the violations that were outstanding as of the time the Order was being negotiated. All of those violations have now been corrected. Accordingly, the only requirement of the Order that remains to be completed is payment the civil charge. Civil Charges: \$9,241.

Proposed Issuance of VPDES Permit Nos. VA0091227, Casta Line Trout Farm-Craigsville, and VA0091219, Casta Line Trout Farm-Middlebrook: Casta Line Trout Farm-Craigsville and Casta Line Trout Farm-Middlebrook previously operated under the authority of VPDES General Permits for Concentrated Aquatic Animal Production Facilities Nos. VAG131002 and VAG131001, respectively.

Those permits became effective on March 5, 1998, and expired on March 5, 2003. Each facility produces trout for sale, and each is located at the head of a small stream, immediately below one or more perennial springs that serve as the water source for the facility and its receiving stream.

The Craigsville facility is located at the head of Wallace Mill Stream, and the Middlebrook facility is located at the head of Cockran Spring Branch, both in Augusta County. Wallace Mill Stream and Cockran Spring Branch were both initially listed on the 1998 303(d) list of impaired waters, receiving priorities of "medium" for not supporting - partially supporting the aquatic life use. The impaired segment listed for each stream begins at the outfall of its respective Casta Line Trout Farm facility and continues 0.8 miles downstream to the first confluence with a larger stream.

The proposed permit issuances were brought before the State Water Control Board at their meeting on June 19, 2003. By a vote of three to three, the motion to accept the staff recommendation was defeated. The Board directed the staff to attempt resolution of the points of contention and to return the permits to the next Board meeting.

Reissuance of VPDES Permit VA0020460, Vint Hill Farms Station Waste Water Treatment Plant, Fauquier County: On November 15, 2002, DEQ received a VPDES Permit Application from Fauquier County Water and Sanitation Authority for the reissuance of the permit for Vint Hill Farms Station Waste Water Treatment Plant. The treatment plant is located on the closed Vint Hill Farm Station army base and currently discharges to South Run, a tributary to Lake Manassas, the drinking water source for Manassas, Manassas Park, and parts of Prince William County. The current discharge point is less than 5 miles from Lake Manassas. The proposed flow increases will discharge to Kettle Run, which is not a tributary to Lake Manassas. Moving the discharge point to Kettle Run will result in the new discharge point being approximately 37 river miles from the Fairfax County Water Authority's intake in the Occoquan Reservoir. The Vint Hill treatment plant is located in the Occoquan River Watershed near Warrenton, which makes this facility subject to the Occoquan Policy, 9 VAC 25-410. The interpretation and implementation of the Occoquan Policy is the main issue in this reissuance.

Consideration of Petition to Designate the Cowpasture River as an Exceptional State Water: Staff intends to present to the Board at their October 2003 quarterly meeting for consideration a citizen petition from the Cowpasture River Preservation Association for Tier III, Exceptional State Waters designation of the the main stem of the Cowpasture River between its confluence in Bath County with the Bullpasture River and its confluence with the Jackson River in Botetourt County and Simpson Creek, including all named and unnamed tributaries, from its headwaters downstream to its confluence with the Cowpasture River in Alleghany County.

Consideration of Eleven Candidates within Shenandoah National Park for Exceptional Waters Designation: Staff intends to ask the Board at their October 1, 2003 meeting for a decision on whether or not to initiate a rulemaking to amend the Water Quality Standards regulation to designate eleven waters located within Shenandoah National Park as Exceptional State Waters (Big Run, Brokenback Run, Doyles River, Jeremys Run, East Hawksbill Creek, Hughes River, East Branch Naked Creek, Piney River, Rose River, North Fork Thornton River, and White Oak Canyon Run).

Consideration of Ten Waters (Three Citizen Petitions and Seven DEQ Candidates) for Exceptional Waters Designation: Staff intends to ask the Board for approval to go to public hearing and comment on nine of the ten proposed Tier III, Exceptional State Waters designations (Lake Drummond and portions of Little Stony Creek, Bottom Creek, Brown Mountain Creek, Laurel Fork, North Fork of the Buffalo River, Pedlar River, Ramseys Draft, and Whitetop Laurel Creek). On the Ragged Island Creek proposal the

Department is using the participatory approach and is forming an ad hoc advisory committee to work through issues raised during the public comment period.

General VPDES Permit for Discharges of Storm Water Associated With Industrial Activity (9 VAC 25-151-10 et seq.): The purpose of this agenda item is to request that the Board authorize the staff to issue a public notice and hold a public hearing on a draft regulation for the subject general permit. This regulation will reissue the existing general permit for industrial activity storm water discharges that was originally adopted by the Board in 1999, and which will expire on June 30, 2004. This draft is modeled after the 2000 US EPA multi-sector industrial storm water general permit.

General VPDES Permit for Discharges of Storm Water From Construction Activities (9 VAC 25-180-10 et seq.): The purpose of this agenda item is to request that the Board authorize the staff to issue a public notice and hold a public hearing on a draft regulation for the subject general permit. This regulation will reissue the existing general permit for construction activity storm water discharges that was originally adopted by the Board in 1999, and which will expire on June 30, 2004. This draft is modeled after the US EPA construction storm water general permit. Certain provisions were modified to make them conform to similar requirements in the Virginia Erosion and Sediment Control Regulation. This was done to reduce conflicts between this Board regulation and one administered by the Department of Conservation and Recreation (DCR).

General VPDES Permit Regulation for Nonmetallic Mineral Mining - Amendment of 9 VAC 25-190-10 et seq. to Reissue General Permit: The current general permit for nonmetallic mineral mining will expire on June 30, 2004. The regulation establishing this general permit is being amended to reissue another five-year permit. The staff proposes only some minor changes to the reissued general permit.

Development of Virginia's FY 2004 Wastewater Revolving Loan Funding List and Establishment of an Annual Loan Servicing Fee: The Board needs to consider its FY 2004 loan requests, tentatively adopt a FY 2004 loan funding list based on anticipated funding, and authorize the staff to receive public comments. On June 2, 2003, the staff solicited applications from the Commonwealth's localities and wastewater authorities. The staff also prepared a special application solicitation mailing to prospective land conservation applicants and Brownfield remediation clientele. July 18, 2003 was established as the cut-off date for receiving applications. Based on this solicitation, the Board received twenty-one (21) new wastewater improvement applications requesting \$183,038,949, two (2) land conservation applications for \$6,705,100, and one \$75,000 on-site loan application for a grand total of twenty-four (24) applications requesting \$189,819,049 in loan assistance. After lengthy discussions with VRA staff, we have mutually agreed that an annual loan servicing fee of 0.10% should be applied to all new "ceiling rate" loans and that that fee should be exclusive of the subsidy provided under the applicable ceiling rate such that localities will not pay an effective rate of interest greater than the established ceiling rate. In that way, the program will essentially be absorbing the fee and the borrowers will not incur additional costs. Revenue generated by the fee will be accounted for separately and will be accountable to the same requirements established for the existing administrative monies. DEQ will review and authorize all disbursements from this fee account.